



***United States Attorney
Southern District of New York***

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**U.S. ARRESTS PROPERTY MANAGER IN WIRE FRAUD SCHEME
NETTING OVER \$5 MILLION**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and MARK J. MERSHON, Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation, announced the arrest yesterday evening of SPYRO CONTOGOURIS on a charge of defrauding his former employer of over \$5 million. As alleged in the Complaint filed in Manhattan federal court yesterday:

Between approximately 1993 and April 5, 2002, CONTOGOURIS was employed by a group of holding companies (the "Companies") owned by an individual ("CW") and CW's family members. The Companies controlled various properties located in New York, New York and Houston, Texas. First hired to perform renovation work on the properties, CONTOGOURIS subsequently assumed a managerial position in the Companies. Since CW and CW's family and other employees resided outside the United States, CW relied on CONTOGOURIS to oversee and report back information about the performance, including the expenses, of the Companies.

During the course of the fraud, CONTOGOURIS abused his position in the Companies to systematically defraud his employer of over \$5 million. CONTOGOURIS misrepresented to CW's employees that he was making legitimate payments on expenses incurred by the Companies when, in fact, he was pocketing the money for himself and his associates. In a number of cases, CONTOGOURIS faxed to CW and CW's employees overseas copies of checks purported to represent payments of expenses, such as taxes, he made on behalf of the Companies. CONTOGOURIS, however, in many cases, never made any payments at all. Instead, the checks were ultimately sent to bank accounts controlled by CONTOGOURIS.

CONTOGOURIS's fraud also involved a \$3.6 million mortgage of one of the Companies' properties located in New York. Without the permission or knowledge of CW and CW's family, CONTOGOURIS obtained the mortgage by making false statements to the financial institution about ownership of the property. CONTOGOURIS misrepresented to a New York bank that he and his family were beneficial owners of the Companies, when, in fact, at no time did CONTOGOURIS have any ownership interest in the Companies. CONTOGOURIS also claimed that the funds from the mortgage were intended to pay down existing debt on another New York property owned by one of the Companies. Neither CW nor the Companies ever received any of the \$3 million that CONTOGOURIS obtained from this mortgage.

Even after CONTOGOURIS was fired in April 2002 due to CW's concerns over the management of the Companies' funds, CONTOGOURIS collected three tax refund checks, totaling over \$770,000, that were issued to the Companies. Shortly after he received each check, CONTOGOURIS opened bank accounts into which he deposited the money. Then, CONTOGOURIS completed the fraud by wiring the funds to other accounts that he or his associates controlled.

CONTOGOURIS used some of the proceeds of his scheme to purchase residences for himself and his family.

CONTOGOURIS was arrested yesterday in New York, NY and is charged with one count of wire fraud. If convicted, he faces a maximum penalty of 20 years' imprisonment and a fine of the greatest of \$250,000, twice the gross gain from the offense, or twice the gross loss to the victim. CONTOGOURIS will be presented later today before United States Magistrate Judge FRANK MAAS. CONTOGOURIS, 45, resides in New York, New York and New Orleans, Louisiana.

Mr. GARCIA praised the FBI for its assistance in this investigation. Mr. GARCIA said that the investigation is continuing.

Assistant United States Attorney HELEN V. CANTWELL is in charge of the prosecution.

The charge and allegations contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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